

## Message Text

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PAGE 01 LISBON 01074 261820Z

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ACTION EUR-12

INFO OCT-01 AF-06 ISO-00 IO-10 EURE-00 SP-02 AID-05 EB-07

NSC-05 CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03

LAB-04 SIL-01 DODE-00 PM-03 H-01 L-02 PA-01 PRS-01

USIA-06 AGR-05 IGA-01 SAM-01 ACDA-05 SAJ-01 /114 W

----- 061140

P R 261722Z FEB 75

FM AMEMBASSY LISBON

TO SECSTATE WASHDC PRIORITY 1870

INFO AMCONSUL LOURENCO MARQUES

AMCONSUL LUANDA

AMCONSUL OPORTO

AMCONSUL PONTA DELGADA

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EO 11652: N/A

TAGS: ECON, PO

SUBJ: CIP REACTION TO ECONOMIC SOCIAL PROGRAM

REF: LISBON 981, 1024

1. IN FEBRUARY 25 PRESS CONFERENCE, THE PORTUGUESE INDUSTRIAL CONFEDERATION (CIP) GAVE ITS PUBLIC APPROVAL TO RECENTLY RELEASED ECONOMIC SOCIAL PROGRAM. CIP DESCRIBED PROGRAM AS FLEXIBLE AND PROGRESSIVE AND GREETED IT WITH ENTHUSIASM. ADMITTING THAT IT WILL PRESENT DIFFICULTIES FOR SOME FIRMS, CIP PREDICTED THAT MOST COMPANIES WOULD BE ABLE TO ADAPT TO IT AND WOULD SUPPORT IT.

2. DURING QUESTION-AND-ANSWER PERIOD, CIP EXECUTIVE COMMITTEE SEVERAL TIMES MENTIONED THAT LABOR ACCEPTANCE AND ADHESION ARE VITAL TO PLAN'S SUCCESSFUL IMPLEMENTATION.

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PAGE 02 LISBON 01074 261820Z

LABOR SECTOR COOPERATION ESPECIALLY IMPORTANT TO INVESTOR CONFIDENCE

AND CONTINUED ECONOMIC VIABILITY OF MANY PRIVATE ENTERPRISES.

3. WITH REGARD TO INVESTMENT, CIP DECLARED THAT MORE THAN PUBLICATION OF PROGRAM IS NECESSARY TO INSPIRE RENEWED CONFIDENCE; HOWEVER, PROGRAM IS MANDATORY FIRST STEP. RENEWED CONFIDENCE ON PART OF INTERNATIONAL BANKERS AND SUPPLIERS PARTICULARLY IMPORTANT BECAUSE CREDIT CONDITIONS HAVE BEEN TIGHTENED. DEVELOPMENT AND UP-TURN IN ECONOMY NOT POSSIBLE WITHOUT NORMAL (PREVIOUS) PAYMENT TERMS.

4. ASKED WHY CIP HAD VISITED U.S., AND (BY IMPLICATION) NOT EASTERN EUROPE, EXECUTIVE COMMITTEE RESPONDED THAT U.S. TRIP WAS TO MAINTAIN AND EXPAND NORMAL MARKETS, TO ATTRACT U.S. INVESTMENT AND TO MEET WITH IBRD. IBRD SUPPORT FOR PORTUGAL CONSIDERED EXTREMELY IMPORTANT BECAUSE IT WILL ACT AS BELL-WEATHER FOR OTHER PUBLIC AND PRIVATE INVESTORS.

5. COMMENT: CIP GENERAL REACTION TO PLAN WAS AS EXPECTED. IT HAS BEEN A STRONG, CONSISTENT SUPPORTER OF ARMED FORCES MOVEMENT AND PROVISIONAL GOVERNMENT. SOMEWHAT SURPRISING WAS PUBLIC CRITICISM OF LABOR MOVEMENT INHERENT IN POINTED REFERENCES TO IMPORTANCE OF LABOR COOPERATION.

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## Message Attributes

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**Disposition Case Number:** n/a  
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